

**Department of Natural Resources
State of Alaska
Single Audit – Compliance Supplement**

Program #	Program Name	Last Revised
1	Grants to Named Recipients	5/98
2	Historic Preservation Grants-In-Aid Program	5/98
3	Land Disposal Grants	Deleted 5/00
4	Land and Water Conservation Fund Grants	5/98
5	Volunteer Fire Assistance Program (VFA)	5/99
6	State Aid to Fairs	5/98
7	Division of Forestry – Urban and Community Forestry	5/99

Grants to Named Recipients

Department of Natural Resources – Program 1

I. PROGRAM OBJECTIVES

Authorized under AS 37.05.316, these grants are made at the discretion of the Legislature. The grants are designated by the Legislature to be provided for a specific project or activity, to be performed by the named recipient.

II. PROGRAM PROCEDURES

Following enactment of the authorizing legislation, the Department executes a grant agreement with the named recipient, which specifies the project to be undertaken.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

There are no specific grant regulations governing the administration of these grants. All compliance requirements and suggested audit procedures, therefore, must be based upon specific provisions of the grant agreement.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirements

Grant funds can be expended for a variety of purposes, as provided for in the authorizing legislation and as specified in the grant agreement.

Suggested Audit Procedures

- Test expenditure and related records for compliance with grant terms.

B. ELIGIBILITY

The auditor is not expected to make tests for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirements

Any matching, level of effort and/or earmarking requirements will be identified and established in the grant agreement.

Suggested Audit Procedures

- Review the grant agreement, identify any matching level of effort and/or earmarking requirements, and verify that requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirements

The grant agreement will specify the reporting requirements the grantee is to adhere to.

Suggested Audit Procedures

- Examine copies of the reports and determine completeness and timeliness of submission in accordance with the grant agreement.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirements

The grant agreements often contain specific provisions to which the grantee is to adhere.

Suggested Audit Procedures

- Review the grant agreement, identify any special provisions or requirements, and verify that they were met.

Modified 5/98

Historic Preservation Grants-In-Aid Program Department of Natural Resources – Program 2

I. PROGRAM OBJECTIVES

The Historic Preservation Fund Grants-In-Aid Program (HPF) authorized by the National Historic Preservation Act, as amended, is structured to promote:

- A. The conduct of a comprehensive statewide survey of historic properties, identifying and nominating eligible properties to the National Register of Historic Places and administering applications for such;
 - 1. the preparation of a comprehensive, statewide preservation plan;
 - 2. the administration of a state program of federal assistance for historic preservation within the state;
 - 3. the assistance, as appropriate, of federal and state agencies and local governments in implementing historic preservation responsibilities;
 - 4. the cooperation within all levels of government to ensure that historic properties are taken into consideration at all levels of planning and development;
 - 5. the provision of public information, education and training, and technical assistance relating to the federal and state historic preservation programs; and
 - 6. the assistance to local governments in the development of local historic preservation programs and in becoming certified under the HPG.
- B. The certification of local governments in accordance with a National Park Service (NPS) approved state process. (A certified local government (CLG) may compete for a minimum of 10 percent of a state's yearly apportionment.)
- C. The appropriate use of historic preservation tax incentives under 36 CFR 67. (These regulations address the Secretary's responsibilities under the Economic Recovery Tax Act of 1981 and related tax legislation.)

II. PROGRAM PROCEDURES

Alaska receives a yearly program apportionment from the Secretary of the Interior through the Department of Interior, National Park Service. The amount is determined by the prior year's Annual Report, state population, and prior program management. From eligible applicants including non-federal government units, private organizations, corporations and individuals, project applications are prioritized for funding by members of the Alaska Historical Commission appointed by the Governor. The Office of History and Archaeology, project applicants statewide, and CLG proposals (comprising a minimum of 10 percent of Alaska's apportionment) receive funding. State/ recipient agreements are written for all non-

state projects. Billings under the HPG may be monthly for a total of 90 per cent of the project cost. Upon receipt of the project product, the final 10 percent of the grant is released to the recipient.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirements

All costs claimed and approved for payment must be necessary for the accomplishment of approved grant objectives and must be eligible under the HPF.

Suggested Audit Procedures

- Review grant agreement to ascertain whether the costs billed are enumerated in the project budget found in Exhibit A of the state/ recipient grant agreement.
- Review HPF Manual to determine if only eligible costs were claimed. (See Manual Chapter 13, pp. 1 - 18.)

B. ELIGIBILITY

Compliance Requirements

Only non-federal government units, private organizations, corporations and individuals contracting with, hiring, or obtaining volunteer services from qualified individuals are eligible for funding. (see 36 CFR 61 for federal qualification standards.)

Suggested Audit Procedures

- Determine if the recipient is non-federal.
- Test whether at least one individual receiving A salary or donating time under the grant is qualified under CFR 61.

Compliance Requirements

All costs claimed must be within the grant period. (a maximum of two years including a one-year carry over.)

Suggested Audit Procedures

- Review the dates that costs are incurred as listed in recipient billings.
- Test cost dating to determine compliance.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirements

Forty percent of the costs claimed must be provided by the recipient.

Suggested Audit Procedures

- Review billings project by project and year-by-year to determine if:
 1. 40 percent of the grant total is provided by the recipient;
 2. 40 percent or less of the billing amount honored was comprised of donations; and
 3. Where overmatch of one grant is applied to another from the same funding year, the total yearly apportionment under the program is matched 60/40 (federal/state).

Compliance Requirements

The maximum hourly salary rate allowed under the HPF is that of a GS-18 in the federal system plus the Alaskan cost of living differential (COLA).

Suggested Audit Procedures

- Test the hourly, rates claimed.

Compliance Requirements

All special conditions in the Department of Interior-S NPS apportionment document, NPS project initiation document, and state/recipient agreement must be met.

Suggested Audit Procedures

- Review all special conditions, if any, of the state/recipient agreement and NPS project approval document.
- Review all special provisions of the state apportionment document year by year.
- Test all grants, including CLG projects, to ascertain if all special conditions have been met.

D. REPORTING REQUIREMENTS

Compliance Requirements

The following fiscal reports must be submitted periodically, for the HPF:

1. Financial Status Report (SR 269)
2. Request for Advance or Reimbursement (SF 270)
3. Request for Payment on Letter of Credit (SF 163)
4. Federal Cash Transactions Report (SF 27Z)
5. Request for Funds (Wire transfer; TFS 5805)

Suggested Audit Procedures

- Review Chapters 21-24, Historic Preservation Fund Grants Manual.
- Review completion instructions for relevant documents.
- Test completed documents against appropriate instructions.

Compliance Requirements

The following program reports must be submitted periodically for the HPF:

1. Annual Grant Application
2. End-of-Year Report
3. Amendments to the foregoing reports whenever additional funding becomes officially available

Suggested Audit Procedures

- Review Chapters 3, 17 and 25 of the Historic Preservation Fund Grants Manual.
- Test reports against instructions wherever appropriate.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirements

If the prospective grant recipient does not execute the state/recipient project agreement, fails to adequately complete a project, or does not use grant funding fully during the term of the grant, encumbered funding may be reallocated to eligible program activities/projects to avoid loss to the state and the program.

Suggested Audit Procedures

- Trace the reallocation of project funding from the initial allocation to final recovery under the program for sampled reallocation transactions.
- Determine if reallocation procedures have been followed fully (see Historic Preservation Fund Grants Manual, NPS-49).

Compliance Requirements

Appropriate internal controls are required for governmental financial management/activities, and are consistent with good fiscal management practices.

Suggested Audit Procedures

- Obtain a list of responsibilities for each employee associated with the HPF program.
- Determine and test employees' workloads, job descriptions, etc., to determine internal control adequacy and workload/overload appropriateness.

Modified 5/98

Land and Water Conservation Fund Grants Department of Natural Resources – Program 4

I. PROGRAM OBJECTIVES

The objectives of the Land and Water Conservation Fund (LWCF) Grant Program are to assist in preserving, developing and assuring accessibility to all citizens of the United States of America of present and future generations such quality and quantity of outdoor recreation resources as may be available and are necessary and desirable for individual active participation.

II. PROGRAM PROCEDURES

LWCF monies are apportioned to the states by the U.S. Secretary of Interior each fiscal year in accordance with the apportionment formula contained in the LWCF Act. Funds may be made available through the state to political subdivisions of the state and other appropriate public agencies, including recognized Indian tribes which otherwise qualify for LWCF assistance. To be eligible for LWCF assistance for acquisition and development grants, the state must prepare a Statewide Comprehensive Outdoor Recreation Plan (SCORP), and update and refine it continually. LWCF for the State of Alaska is administered by the Department of Natural Resources, Division of Parks and Outdoor Recreation. The State Liaison Officer (currently the Director of the Division of Parks and Outdoor Recreation) is responsible for administration of the LWCF program in Alaska.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

LWCF assistance may be available to (1) acquire lands and waters or interests in land and waters for public outdoor recreation; (2) develop basic outdoor recreation facilities to serve the general public; and (3) help the state develop and update their SCORP planning process.

Suggested Audit Procedures

- Review grant agreement to determine if project is of eligible type.
- Test related documentation for compliance.

B. ELIGIBILITY

Compliance Requirements

To be eligible for assistance, projects must be in accord with the Statewide Comprehensive outdoor Recreation Plan, be sponsored by a governmental agency, and meet numerous other federal criterion set out in the Land and Water

Conservation Fund Grant Manual.

Suggested Audit Procedures

- Determine eligibility of sponsor.
- Review approved SCORP for appropriate period.

C. MATCHING LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirements

LWCF assistance is provided on a 50/50 matching basis to individual projects, which are submitted through the State Liaison Officer to the National Park Service for approval. The state is required to provide match on only those projects sponsored by a state agency. (Note: Level of Effort on the state's part -- The State Liaison Officer is responsible for administration of the LWCF program in Alaska. This includes implementation of an ongoing SCORP planning process; evaluation and selection of projects in accord with an Open Project Selection Process; assuring compliance of projects with the requirements of the LWCF Grants Manual; preparation and submission of applications, amendments and billings; inspection of projects to insure proper completion, operations and maintenance; and other functions necessary for program administration and management.)

Suggested Audit Procedures

- Review financial records and determine amount provided by sponsor meets match requirement.

D. REPORTING REQUIREMENTS

Compliance Requirements

The following financial reports must be submitted periodically for this program by the project sponsor to the Division of Parks and Outdoor Recreation:

1. Outlay Report and Request for Reimbursement for Construction Programs (OMB NO. 50-50181)
2. Summary of Documentation (10-574)
3. Progress report

Suggested Audit Procedures

- Test expenditures for eligibility and appropriateness.
- Test to ascertain backup documentation corresponds to Summary of Documentation form.

Compliance Requirements

The following financial reports must be submitted periodically for this program by the Division of Parks and Outdoor Recreation to the U. S. Department of the Treasury:

1. Classification of Amount requested (Supplemental to TFS-5205)
2. Request for Funds (TFS-5305)

Suggested Audit Procedures

- Determine that required reports were submitted.

Compliance Regulations

The following informational reports must be submitted periodically for this program by the Division of Parks and Outdoor Recreation to the National Park Service:

1. Annual Report
2. Real Property and Acquisition Report
3. Displaced Persons Report
4. Pre-award Inspection
5. Annual Inspection
6. Completion Inspection
7. Post Completion Inspection

Suggested Audit Procedures

- Determine that the required reports were submitted.

E. SPECIAL TESTS AND PROVISIONS

There are no special tests and provisions.

Modified 5/98

Volunteer Fire Assistance Program (VFA)

Department of Natural Resources – Program 5

I. PROGRAM OBJECTIVES

The VFA program has several objectives. One is to upgrade the performance of small fire departments and thus make rural communities a safer place to live and make investments more attractive. Another is to foster cooperation between these fire departments and the state forestry organization.

This is achieved by passing grant money from the USDA Forest Service State and Private Forestry to the State Forester's Office. The State Forester's Office then selects grant recipients, passes on the grant money, and ensures compliance with the grant conditions.

II. PROGRAM PROCEDURES

Funds are provided to the State Forester by the USDA Forest Service upon receipt of an approved grant program. The state sends applications to all fire departments which are registered with the State Fire Marshall except those that (1) are federally funded, (2) are privately owned, or (3) serve more than 10,000 population. The state chooses grantees based on a point system used to evaluate returned applications.

The state also has the option to retain the grant money and use it to provide training and/or equipment to qualifying fire departments. Grant compliance requirements are the same either way.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirements

Grant monies can be used for any purpose, which will upgrade the fire department except the following:

1. purchase of land or buildings
2. maintenance, repair or upkeep of buildings
3. purchase of medical supplies or training not directly related to fire
4. any equip not fire related
5. normal operating expenses

Suggested Audit Procedures

- Determine that expenditures comply with grant terms.

B. ELIGIBILITY

Compliance Requirements

Only fire departments which are registered with the State Fire Marshall are not federally funded or privately owned, serve less than 10,000 population, and are in compliance with past grants are eligible. Consolidated applications from more than one fire department will be accepted so long as no single department serves more than 10,000 population.

Suggested Audit Procedures

- Compare list of grantees against State Fire Marshall's list of registered fire departments.
- Determine that grantees are not federally or privately owned.
- Determine that grantees serve less than 10,000 population.
- Determine that grantees are in compliance with past VFA program grants.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirements

The grantee or the state, if the state expends the funds, must match the grant.

Suggested Audit Procedures

- Determine that matching requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirements

Grantees must submit copies of invoices and canceled checks to show amount spent for purchase of specified items.

Suggested Audit Procedures

- Determine that copies of invoices and canceled checks were submitted.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirements

There are no special tests or provisions.

Modified 5/99

State Aid to Fairs

Department of Natural Resources – Program 6

I. PROGRAM OBJECTIVES

The Department grants funds to agricultural and industrial fair associations incorporated under the laws of the state to assist in the payment of (1) costs of operation and maintenance and (2) the project costs for capital improvements of annual agricultural and industrial fairs (AS 03.20.010).

II. PROGRAM PROCEDURES

The Department reviews and approves applications for fairs, which may be held each year in each house election district. State aid for the operation and maintenance of fairs does not exceed a basic grant of \$10,000; however, fairs in existence five years or longer may receive an incremental grant not to exceed \$2,500 per year of existence to a maximum of \$75,000 (AS 03.20.020). The Department may also approve grant applications for operation and maintenance to qualified applicants (AS 03.20.020(b)).

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirements

If an association has received state operation and maintenance funds under this program and fails to hold a fair in accordance with the grant agreement or does not disburse all of the state funds paid to it for that purpose, the association shall return those funds, or the unexpended portions, to the Department within 60 days after the date of the fair.

If an association has received state capital improvement funds under this program and fails to expend them within five years for capital improvements designated in its long-term capital improvement plan in effect at the time of the grant, the Commissioner may, after investigation, require that the unexpended funds be returned to the department.

Suggested Audit Procedures

- Verify fair dates and determine status of expenditures.
- Determine whether unexpended funds are eligible to be returned to the Department.

B. ELIGIBILITY

The auditor is not expected to determine participant eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS,

Compliance Requirements

For the purposes of matching state fair aid allocations, a fair whose local resources are not sufficient to match dollar for dollar may, in preparing its annual report, place a reasonable itemized monetary value on donated labor, materials, and equipment used in the construction, repairing and maintenance of fairgrounds, buildings and facilities in place of dollars matching up to 50 percent of its annual requests.

Premiums and prizes that qualify for listing for allocation purposes shall be those paid for exhibits and educational contests, displays, and demonstrations of an educational nature. This does not include contests, parades, dances, rodeos or races.

The fair shall submit with the application a planned program of operation and maintenance of the proposed fair, the rules and regulations governing the fair, and a certificate signed by the president and secretary of the association, certifying that the association will spend for the proposed fair, a sum of money from their own funds equal in the amount to the funds received.

A sum equal to at least 25 percent of the state operation and maintenance aid received under this chapter shall be used for premiums or transportation cost of exhibits.

Suggested Audit Procedures

- Evaluate the value of in-kind services, local dollars spent, and premiums paid to determine that matching requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirements

Each association receiving state operation and maintenance aid shall furnish receipts for expenditures. Each association shall furnish a statement executed and acknowledged by the president and secretary, covering the disbursements by the association for all operation and maintenance funds. Each association is required to make a full report of receipts and expenditures, including sums expended for prizes and awards to the Department.

Suggested Audit Procedures

- Determine that required reports were submitted.

E. SPECIAL TESTS AND PROVISIONS
There are no special tests and provisions.

Modified 5/98

Division of Forestry
Urban and Community Forestry Program
Department of Natural Resources – Program 7

I. PROGRAM OBJECTIVES

The goals of the Alaska Urban and Community Forestry Program are to:

- A. expand forest cover and improve the health and care of trees in urban areas and communities;
- B. conserve energy and improve the aesthetics, economic viability and livability of communities by planting trees and managing the community forests;
- C. increase awareness and appreciation of the value of trees and forests within communities;
- D. involve citizens, local governments and professionals in working together to support or establish ongoing programs to reach these goals.

One method used to reach these goals is to pass grant money for the USDA Forest Service, Office of State and Private Forestry and the Small Business Administration to the State Forester's Office. The State Forester's Office, in cooperation with the Alaska Urban and Community Forest Council, then selects grant recipients, passes on the grant money, and insures compliance with the grant requirements.

II. PROGRAM PROCEDURES

Funds are provided to the State Forester by the USDA Forest Service. The state sends applications to all communities, school districts and Cooperative Extension, USDA Forest Service and Division of Forestry Offices. The state and council choose grantees based on a point system used to evaluate returned applications.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirements

USDA Forest Service grant funds may be spent on projects that meet the goals of the program, including:

- 1. local government program development;
- 2. demonstration and model projects;
- 3. non-profit program development;
- 4. informational and educational projects.

Grant funds may not replace existing budgets or be matched with federal funds.

Suggested Audit Procedure

- Determine that expenditures comply with grant terms.

B. ELIGIBILITY

Compliance Requirements

To be eligible, an applicant must be a government entity (city, borough, school district, etc.) or a non-profit organization with IRS 501(c) 3 status.

Suggested Audit Procedures

- Determine that grantees meet eligibility requirements.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

The grantee must provide a match of 50 percent of the total cost of the project, either in cash or in-kind donations and services.

Suggested Audit Procedures

- Determine that matching requirements are met.

D. REPORTING REQUIREMENTS

Compliance Requirements

Grantees must comply with reporting requirements as stated in grant agreement.

Suggested Audit Procedures

- Determine that reports are submitted as required.

E. SPECIAL TESTS AND PROVISIONS

There are no special tests or provisions.

Modified 5/99